Press Release **Nice, London, Singapore, March 28, 2012**

EDHEC-Risk's annual European ETF Survey reveals investor attitudes to risk, replication and asset allocation

EDHEC-Risk Institute has announced the results of the EDHEC European ETF Survey 2011, which represents a comprehensive survey of 174 European ETF investors. The survey was conducted as part of the Amundi ETF research chair at EDHEC-Risk Institute on "Core-Satellite and ETF Investment."

Among the key findings of the 2011 survey:

- In relation to the issues raised by financial authorities and international organisations on ETF risks, the survey suggests that **investors have a differentiated view on different replication methods, taking several dimensions into account such as cost, tracking error, and accessibility of broad indices**, among others, when making choices on the preferred replication mechanism. Depending on the objectives at hand, different replication mechanisms are perceived to have different types of benefits.

- **Industry communication on the risks of ETFs has led to the counterparty risk of physical ETFs being underestimated**. As a result, investors think that full physical replication (a positive score of 2.28 out of 3) is less risky than synthetic replication (1.41 out of 3) in terms of counterparty risk. Even though almost all physical replication ETFs engage in securities lending, investors fail to appreciate the risk of this activity, giving full replication a score of 2.11 out of 3 for operational risk caused by securities lending, compared to 1.55 out of 3 for synthetic replication, even though synthetic replication ETFs do not use securities lending directly.

- In general, respondents prefer full replication over either sampling replication (where the index is replicated physically with a limited number of securities) or synthetic replication, but there is a clear preference for synthetic ETFs to replicate indices in challenging universes, such as illiquid alternative asset classes and broad indices with more than 1,000 constituents

- Overall, **in terms of reliability, coverage, cost and risk, though all three approaches are comparable, synthetic replication receives a slightly higher average score** (2.12 out of a possible 3.00) compared to full replication (2.01) and sampling replication (2.01).

- Investors acknowledge that the current education on the differences between highly regulated ETFs and largely unregulated ETPs needs to improve in order to avoid confusion.

- While investors are using ETFs more heavily for dynamic strategies and specific sub-segment exposure than in the past, **the main use of ETFs remains long-term buy-and-hold investing in broad market indices**.

- Investors are also moving towards applying ETFs for portfolio optimisation and risk management, and continue to see ETFs mainly as index-replicating products, rather than active funds.

- **ETFs are mainly used as beta or asset allocation tools**, thus allowing investors to focus on the first-order issue of beta management, rather than on stock picking issues, which are only of third-order importance.

- **There has been increasing demand for ETFs based on new forms of indices**, from 29% to 39% over the past year, which indicates growing interest in alternative-weighted indices.

- **ETFs remain very popular for passive investment**. In terms of future use, a majority of respondents (63%) indicate that they intend to increase their allocation to ETFs in the future.

- Respondents also intend to increase their investment in futures, while they expect their use of traditional index funds to stay stable on average and that of total return swaps to decrease.

A copy of the EDHEC-Risk Institute survey can be found here:

EDHEC-Risk European ETF Survey 2011

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About EDHEC-Risk Institute

Since 2001, EDHEC has been pursuing an ambitious policy in terms of international research. This policy, known as “Research for Business”, aims to make EDHEC an academic institution of reference for the industry in a small number of areas in which the school has reached critical mass in terms of expertise and research results. Among these areas, asset and risk management have occupied privileged positions, leading to the creation in 2001 of a major research facility: EDHEC-Risk Institute. This institute now boasts a team of 80 permanent professors, engineers and support staff, as well as 18 research associates from the financial industry and 6 affiliate professors.

EDHEC-Risk Institute is located at campuses in Singapore, which was established at the invitation of the Monetary Authority of Singapore (MAS), the City of London in the United Kingdom, and Nice, France. In addition, it has a research team located in the United States. The philosophy of the institute is to validate its work by publication in prestigious academic journals, but also to make it available to professionals and to participate in industry debate through its Position Papers, published studies and conferences. Each year, EDHEC-Risk organises two conferences for professionals in order to present the results of its research, one in London (EDHEC-Risk Days – Europe) and one in Singapore (EDHEC-Risk Days – Asia), attracting more than 2,000 professional delegates.

To ensure the distribution of its research to the industry, EDHEC-Risk also provides professionals with access to its website, www.edhec-risk.com, which is entirely devoted to international risk and asset management research. The website, which has more than 50,000 regular visitors, is aimed at professionals who wish to benefit from EDHEC-Risk's analysis and expertise in the area of applied portfolio management research. Its monthly newsletter is distributed to more than 1,000,000 readers.

EDHEC-Risk Institute also has highly significant executive education activities for professionals. In partnership with CFA Institute, it has developed advanced seminars based on its research which are available to CFA charterholders and have been taking place since 2008 in New York, Singapore and London. EDHEC-Risk Institute has an original PhD in Finance programme which, in addition to its highly selective residential track for young talents worldwide, has an executive track for high level professionals who already have masters degrees from prestigious universities and significant industry experience. Complementing the core faculty, this unique PhD in Finance programme has highly prestigious affiliate faculty from universities such as Princeton, Wharton, Oxford, Chicago and CalTech.

www.edhec-risk.com

About Amundi ETF

With over 100 ETFs* and $9.5bn in assets under management at 29 February 2012, Amundi ETF covers the main asset classes (equities, fixed income, EONIA, and commodities) and geographical exposures (Europe, US, emerging markets, and world).

As one of the pioneers in the ETF market with its first products launched in 2001, Amundi ETF is characterised by its quality products, continuous innovation and its low cost policy. Amundi ETF designates the ETF business of Amundi Investment Solutions.

Amundi ETF received a Special Commendation in the "European ETF Provider of the Year" category by Funds Europe in 2011 and Amundi Group was awarded "Best Europe Equity ETF Manager 2010" and "Best Fixed Income – Cash (Money Market) ETF Manager 2011" in March 2010 and March 2011 respectively, as voted by the readers of ETF Express.

amundietf.com

* The Funds described in this document may not be authorised for distribution in all countries. It is the investor's responsibility to ensure that they are authorised to invest in a Fund.